



March 25, 2011

To: Executive Board

Subject: **Bus Option Order**

Recommendation

Authorize the Executive Director to exercise an existing option and negotiate final terms and conditions with North American Bus Industries (NABI) for the purchase of fourteen (14), compressed natural gas-fueled, 42-foot bus rapid transit (BRT) buses at a total cost of \$8,097,586.00, not including sales tax.

Analysis

On September 26, 2008, the Foothill Transit Executive Board authorized the Executive Director to enter into Agreement No. 09-001 with NABI for the procurement of 30 CNG-fueled, 42-foot BRT buses with options to purchase an additional 60 buses with no minimum order quantity. These options are available to Foothill Transit at its discretion for a period five from the date of execution of the contract.

The Federal Transit Administration (FTA) stipulates that buses purchased with federal funds must remain in service for 12 years or 500,000 miles, whichever comes first. Consistent with the current Foothill Transit fleet replacement plan, Foothill Transit currently has 14 remaining diesel buses that are eligible for retirement and need to be replaced.

NABI has provided proposed price for the purchase of the replacement buses based on Foothill Transit's current bus specifications and options. As required by FTA's Procurement Guidelines, the pricing of the option buses was evaluated as part of the original procurement. For this purchase, the cost is derived from the previous purchase price of twelve 42-foot BRTs delivered to Foothill Transit in September 2010, and includes a producer price index (PPI) increase of 0.51 percent, as provided in the base contract. As required by the FTA, a thorough price analysis has been conducted and the price of these 14 buses has been determined to be fair and reasonable.

Budget Impact

The base cost of 14 NABI 42-foot BRT buses is \$568,893 per bus, including delivery. Additional upgrades priced at \$9,507 will be required to equip the buses with commuter-style amenities. In addition, funding will be included to complete the FTA required factory inspections. State of California sales tax will be paid separately by Foothill Transit. Funding for these vehicles is included in Foothill Transit's approved FY 2011 Business Plan.

Sincerely,

George Karbowski
Director of Operations and Maintenance

Doran J. Barnes
Executive Director